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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/688,628	10/17/2003	Vivian Agura	60655.1800	2587
66170 7590 05/25/2011 Snell & Wilmer L.L.P. (AMEX) ONE ARIZONA CENTER 400 E. VAN BUREN STREET PHOENIX, AZ 85004-2202				
EXAMINER MYHRE, JAMES W				
ART UNIT 3682		PAPER NUMBER		
NOTIFICATION DATE 05/25/2011		DELIVERY MODE ELECTRONIC		

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

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Office Action Summary

Application No.

10/688,628

Applicant(s)

AGURA ET AL.

Examiner

JAMES W. MYHRE

Art Unit

3682

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 12 April 2011.
2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 17-33 is/are pending in the application.
4a) Of the above claim(s) _____ is/are withdrawn from consideration.
5) ☐ Claim(s) _____ is/are allowed.
6) ☒ Claim(s) 17-33 is/are rejected.
7) ☐ Claim(s) _____ is/are objected to.
8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftperson's Patent Drawing Review (PTO-912)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____
4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____

DETAILED ACTION

Response to Amendment

1. This Office Action is in response to the Amendment filed on April 12, 2011. The Amendment did not add or cancel any claims, but did amend Claims 17, 27, and 28. Claims 1-16 were previously canceled. Thus, the currently pending claims considered below remain Claims 17-33.

Claim Rejections - 35 USC § 112

2. The Amendment filed on April 12, 2011 amended Claims 17, 27, and 28 to overcome the rejection of these claims as being unclear in paragraph 5 of the January 28, 2011 Office Action. Thus, **the Examiner hereby withdraws those rejections.**

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. This application currently names joint inventors. In considering patentability of the claims under 35 U.S.C. 103(a), the examiner presumes that the subject matter of the various claims was commonly owned at the time any inventions covered therein were made absent any evidence to the contrary. Applicant is advised of the obligation

under 37 CFR 1.56 to point out the inventor and invention dates of each claim that was not commonly owned at the time a later invention was made in order for the examiner to consider the applicability of 35 U.S.C. 103(c) and potential 35 U.S.C. 102(e), (f) or (g) prior art under 35 U.S.C. 103(a).

5. Claims 17-33 are rejected under 35 U.S.C. 103(a) as being unpatentable over Fredregill et al (US 2005/0144074) in view of Davis(US 2004/0193491) and Musharbash (7,096,164).

Examiner Note: The Examiner notes that the original invention is directed to calculating the amount of loyalty points and monetary value needed to complete a purchase transaction of one or more items. The Amendment filed on January 6, 2011 adding a new clause to the independent claims (17, 27, and 28) directed to determining if the non-tangible item being purchased is a dependent or independent item and requiring the purchase of the associated independent item if the non-tangible item is a dependent item. The Examiner notes that this determination is separate from the loyalty points calculation steps (i.e. the loyalty points would be calculated on the total amount of the purchase whether the items contained therein are dependent, independent, or completely unrelated items). Thus, the Claims are directed to two subcombinations usable together: the loyalty points calculation steps and the dependent or independent item determining steps. Since the two sets of steps are

shown together in a single claim, the Examiner will not require a Restriction, but will address each subcombination separately below.

Claims 17, 27, and 28: Fredregill discloses a system, method and computer-readable storage medium for managing an on-line marketplace, comprising:

- a. receiving a selection of a non-tangible item (e.g. a service or "certificates for travel related awards")(page 2, paragraph 0016; page 5, paragraph 0031; page 10, paragraph 0056; and page 13, paragraph 0072);
- b. placing an indicator of the non-tangible item in an electronic shopping cart (page 10, paragraph 0056 and page 13, paragraph 0072);
- c. receiving a first request to purchase the non-tangible item (page 13, paragraph 0072 - page 14, paragraph 0073);
- d. determining a conversion ratio for the non-tangible item based on a loyalty point type and the non-tangible item, wherein the conversion ratio is not 1:1 (*"The points that may be earned include 'regular' points and 'bonus' points ... customers earn 'regular' points based on the pretax dollar amount of the current sales transaction, less any exempt items. 'Bonus' points are extra points that may be earned by the customer on the purchase of specifically promoted items ... Bonus points may also be awarded in a variable pricing scheme ... which may award 50 points for each pound of an item purchased"*; page 4, paragraphs 0025-0026; and *"In this particular embodiment, the point value for redeeming a redemption item is -750 points. The reduction of the price of the redeemable item is -\$1.20"*, i.e. a conversion ratio of 750 points to 1.2 dollars;

page 9, paragraph 0051. Thus, the customer may earn 100 regular points for a purchase of a 5 pound bag of potatoes costing \$10 (conversion ratio of 10 points per dollar) and an additional 250 bonus points for the same purchase (conversion rate of 50 points per pound) for a total point award for that purchase being 350 points. Figure 3c shows these steps (steps 320-324);

d. calculating a first amount of loyalty points and a monetary value of said loyalty points (based on the conversion ratio) to purchase the non-tangible item (page 13, paragraph 0072 – page 14, paragraph 0073); and

e. debiting first loyalty points from a first loyalty account for applying to at least a portion of the first amount (page 13, paragraph 0072 – page 14, paragraph 0073).

f. displaying a point conversion calculator showing the points earned or redeemed for the item (*"If the merchant offers bonus points for purchase of the item, that information would also be displayed in the detailed view of the product. Similarly, if a special discount is available on that product in exchange for the redemption of points, that information may also be displayed" ... "the preferred embodiment displays the beginning point balance and a running summary of the total bonus points and 'regular' points accumulated in the current transaction, and the projected new balance if the consumer purchases the items currently in the shopping cart" and "the web site processor calculates and displays the total monetary amount due ... Information representative of the number of points needed to pay for the order in total may also be available to the user"* (page 10, paragraphs 0055-0058). The Examiner notes that is

would be a design decision as to whether to show this information for each conversion or only for conversions that do not have a 1:1 conversion ratio. If the regular conversion ratio is usually a 1:1 ratio, then there may not be a need to show it each time since most people would be able to easily ascertain the number of points being earned or redeemed. However, if the regular conversion rate was not a 1:1 conversion rate (e.g. the exemplary conversion rate in Fredregill of 750:1.2) then it would be obvious to show it, since most people would not be able to easily ascertain the number of points being earned or redeemed, e.g. for a \$5.00 purchase.

Fredregill does not explicitly disclose receiving account information for a second selected account associated with the non-tangible item and transferring the non-tangible item to the second account. However, Davis discloses a similar system, method, and computer-readable medium for managing an on-line marketplace in which the consumer identifies a second account (e.g. charity, retirement savings account, or mutual fund)(Figure 13, item 1320 and page 3, paragraph 0032 and paragraph 0036 – page 4, paragraph 0040) into which the non-tangible item (cash value of the redeemed loyalty points) is transferred (page 4, paragraph 0040). Davis also discloses several known programs that allowed a consumer to redeem loyalty points or miles for merchandise or donations to charity (e.g. GoldPoints™, TruCash™, TLS™, MileDonor™, etc.), for cash rebates (e.g. TruCash™), and for gift certificates of any amount over \$25 to the recipient of their choice (e.g. SaveDaily™). Finally, Davis further discloses allowing the consumer to select to redeem their earned loyalty points by transferring the monetary equivalent to an investment account or to the account of another member (Figures 9

and 12). Additionally, Davis discloses requesting and receiving from the consumer a selection of a second account (e.g. a new investment account) or information about the second account (e.g. an existing investment entity and account number), i.e. newly added limitations of *"requesting, by the computer based system, at least one of access information and a selection to create a new account for the second account;"* and *"accessing by the computer based system the second account in response to receiving the second account information, wherein the second account information is received to define the non-tangible-item."* Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made for Fredregill to allow the consumer to purchase non-tangible items such as investments into mutual funds/IRA accounts, charities, or cash rebates and to enter the profile information about the desired second account. One would have been motivated to allow the consumer to purchase such non-tangible items in order to assist consumers to set aside funds for savings and to increase charity donations as discussed by Davis (page 1, paragraph 0003).

Fredregill also does not explicitly disclose determining whether the non-tangible item is an independent or dependent item and if it is a dependent item requiring the associated independent item be purchased (i.e. suspending the purchase of the dependent item until the associated independent item is selected for purchase). Fredregill does disclose calculating and displaying the loyalty points and monetary value needed to purchase all the items in the purchase order, i.e. either the non-tangible item by itself if it is an independent item or both the non-tangible item and the associated

independent item if the non-tangible item is a dependent item. The Examiner notes that the calculation of loyalty points required for the purchase would depend on the total cost of the items being purchase and not on whether they are dependent or independent items. Furthermore, it is old and well known for merchants to require the purchase of one product before allowing the purchase of a linked product. For example, many computer software expansions require the user to either already have the basic software or to purchase it along with the expansion. Another example would be merchants who help customers design their own computer system to purchase by receiving a selection of a component from the customer, checking to see if that component requires or is compatible with another component (i.e. whether it is an independent or dependent component), and preventing the purchase of the system until all components are deemed compatible (no outstanding dependent components).

Musharbash discloses such a system in which the customer selects various components and the system checks to ensure compatibility. For example, the system will check the power consumption of the selected components to ensure they are below the output of the power supply. If the user selects an additional component that causes the total power consumption to exceed the output, the system notifies the customer that the power supply must be replaced with one that has a higher power output (which may also require a better air cooling system (fan), etc.)(column 13, line 50 – column 14, line 30). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made for Fredregill to validate the selected item to determine whether it was an independent item or a dependent item that required an additional item

(independent item). One would have been motivated to make this determination in order to ensure that the customer would be able to use the dependent item, (e.g. an expansion to a on-line game is useless without the original game program).

Claims 18-20: Fredregill, Davis, and Musharbash disclose the method as in Claim 17 above, and Davis explicitly discloses that the non-tangible item is a donation to charity, an investment in a retirement savings account (e.g. IRA account), or a cash rebate (i.e. monetary credit) (page 1, paragraph 0004 and page 3, paragraph 0032). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made for Fredregill to allow the consumer to purchase non-tangible items such as investments into mutual funds, retirement account (IRAs), charities, or to receive cash rebates. One would have been motivated to allow the consumer to purchase non-tangible items in order to assist customers to set aside funds for savings and to increase charity donations as discussed by Davis (page 1, paragraph 0003).

Claim 21: Fredregill, Davis, and Musharbash disclose the method as in Claim 17 above, but do not explicitly disclose that the non-tangible item is frequent flyer miles. However, Fredregill discloses a "transfer points function" that "allows the retailer to assist customers in consolidating points between two customer accounts." (page 7, paragraph 0041). Additionally, Davis discloses that the consumer selects the desire option for redeeming the loyalty points, where "These options include, but are not limited to, cash, college savings fund, retirement savings fund, mutual fund, money

market account, a bond, savings account, checking account, charity savings account and any other financial vehicle.” (page 3, paragraph 0037). The Examiner notes that “any other financial vehicle would include other loyalty programs such as frequent flyer miles or frequent shopper points. Furthermore, converting one type of loyalty award (e.g. points) for another type of loyalty award (e.g. miles) was well known at the time of the invention as shown by Dokken et al (US 2003/0225619)(Abstract). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made for Fredregill to allow the consumer to exchange (redeem) the loyalty points for frequent flyer miles or any other loyalty award. One would have been motivated to allow the consumer to exchange one type of award for another type in order to expedite reaching the required number of frequent flyer points for a desired prize, e.g. if the consumer is 500 frequent flyer points short of a desired prize, transferring the equivalent value of loyalty points to the frequent flyer account would allow the consumer to attain the prize without having to wait until they complete another flight (which may be months away for an individual, non-business consumer).

Claim 22: Fredregill, Davis, and Musharbash disclose a method as in Claim 17 above, and Fredregill further discloses determining that the first loyalty account had an insufficient balance of points for the desired redemption, associating a second account with the consumer, and debiting the second account to cover the insufficient balance (page 7, paragraph 0041 and page 10, paragraph 0058 – page 11, paragraph 0059). Fredregill discloses a “transfer points function” that “allows the retailer to assist

customers in consolidating points between two customer accounts.” (page 7, paragraph 0041).

Claim 23: Fredregill, Davis, and Musharbash disclose a method as in Claim 17 above, and Fredregill further discloses determining a conversion ratio that is a mathematical proportion used to calculate a monetary value associated with the first loyalty points (page 5, paragraph 0027-0029 and page 12, paragraph 0065).

Claim 24: Fredregill, Davis, and Musharbash disclose a method as in Claim 23 above, and Fredregill further discloses displaying a points calculator that is configured to determine a number of first loyalty points needed to purchase the non-tangible item (page 10, paragraphs 0056 and 0058).

Claim 25: Fredregill, Davis, and Musharbash disclose a method as in Claim 17 above, and Fredregill further discloses receiving a second request to purchase a tangible item (page 2, paragraph 0016; page 10, paragraph 0056; and page 13, paragraph 0072); calculating a second amount of loyalty points necessary to purchase the tangible item (page 13, paragraph 0072 – page 14, paragraph 0073); debiting the first loyalty account for the second amount of loyalty points (page 13, paragraph 0072 – page 14, paragraph 0073); and receiving shipping information associated with the tangible item (page 4, paragraph 0024 and page 10, paragraph 0058 – page 11, paragraph 0059). Fredregill discloses the consumer selecting a plurality of desired items, placing the selected items

in a shopping cart, and keeping a running total of the number of loyalty points needed to purchase each item, subcombinations of items in the shopping cart, or all of the items in the shopping cart. Based on the consumer's selection of item(s) (if any) desired to be purchased using loyalty points, the system automatically calculated and debits the loyalty account with the appropriate number of loyalty points.

Claim 26: Fredregill, Davis, and Musharbash disclose a method as in Claim 17 above, and Davis further discloses associating the second account with the on-line marketplace (page 3, paragraph 0036). Davis discloses that the consumer is shown a list of account payout options from which to select the desired account to which the monetary value of the redeemed loyalty points will be deposited. These accounts from which the consumer can select are pre-approved by the issuer, i.e. they are associated with the on-line marketplace. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made for Fredregill to associate the second accounts (e.g. charities) with the on-line marketplace. One would have been motivated to associate the accounts with the marketplace (e.g. pre-approve) in order to assure they are legitimate accounts, thereby protecting the consumer from unscrupulous "charities" or other investment accounts.

Claims 29-33: Fredregill, Davis, and Musharbash disclose a method as in Claim 25 above, and Musharbash discloses determining whether the tangible item is an independent or dependent item, i.e. whether the purchase of the item (independent

item) is a prerequisite before purchasing of another item (dependent item), and offering the consumer the corresponding independent or dependent item(s) based on the type of item initially selected (e.g. recommending a higher power supply). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made for Fredregill to make such determinations and to present the offers to the consumer. One would have been motivated to make these offers in order to increase the total sum of the transaction, thus increasing profits for the merchant, and to ensure usability of the purchased item(s).

Response to Arguments

6. Applicant's arguments filed April 12, 2011 have been fully considered but they are not persuasive.

The Applicant argues that none of the references show the newly added limitations of determining a conversion ratio based on a loyalty point type and the non-tangible item, and displaying a point conversion calculator only if the conversion ratio is not a 1:1 ratio. The Examiner notes that these limitations have been addressed in the rejection above. Fredregill discloses the customer may earn two type of award points – regular points and bonus points – and that the amount of points earned during the purchase of an item may be calculated differently, i.e. have different conversion ratios. For example, the regular points may have a conversion ratio based on the dollar amount of the item (e.g. 750 points : \$1.20), while the bonus points may have a conversion ratio based on the weight of the item being purchased (e.g. 50 points per

pound). The system checks to see if the item is a non-exempt item, i.e. is the item eligible for the loyalty point program, and then calculates the number of regular points and/or bonus points to be awarded for the purchase of the product using the appropriate conversion ratio for each type of point. Fredregill also discloses displaying to the customer during the transaction the total balance in their loyalty point account, the amount of points being earned by the items in the shopping cart, the amount of points being redeemed for the items in the shopping cart, and the net monetary value of the items in the shopping cart after subtracting the monetary value of any redeemed points (and adding taxes, shipping charges, etc.). As noted above, the decision as to whether to show the conversion calculator each time or only when the conversion ratio is not a 1:1 ratio would be a design decision of the system operator. Fredregill discloses displaying the information to the customer, but it would have been obvious that if conversion ratio was always a 1:1 ratio the customers could easily ascertain that a five dollar purchase would result in a 5 point award (or 500 point award if the ratio is 1 point for every 1 cent) and there would be no need to display the information to the customer (although the information could still be displayed, if so desired).

Conclusion

7. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to JAMES W. MYHRE whose telephone number is (571)272-6722. The examiner can normally be reached on Monday through Thursday 6:00-3:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Namrata Boveja can be reached on (571) 272-8105. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only.

For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

JWM
May 19, 2011

/JAMES W MYHRE/
Primary Examiner, Art Unit 3682